

10. In the Budget 2001-02, the Central Excise duty structure has been rationalized from multiple rates to single rate of 16% and single rate of Special Excise Duty (SED) @ 16%.
11. Second hand capital goods upto 10 years old have been made freely importable.
12. Information Technology software is exempted from Customs and Excise Duty.
13. EOU/EPZ/EHTP units are exempted from payment of Income Tax on export profits, upto 2010, in terms of Section 10A and 10B of the Income Tax Act.
14. Exemption of withholding tax on interest on External Commercial Borrowings (ECBs) has been extended to the IT sector.
15. Tax holiday under provisions of Section 80-IA (Infrastructure Status) has been extended to Internet Service Providers (ISPs) and Broadband Network Providers.
16. To induce more investment for R&D activities, a weighted deduction of 125% on the sums paid to any university, college or an institution or a Scientific research association for the purposes of scientific, social or statistical research has been provided.
17. Information Technology Act 2000 has been enacted. This act deals with Cyber Security, Cyber Crime and other information security related legal aspects. This will encourage expansion of e-commerce through internet.

#### **Decline in Software Export**

1294. SHRI VIJAY J. DARDA: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) whether it is a fact that there has been marked decline in the export of software to other countries during the year 1999-2000;

(b) if so, the extent of shortfall, the reasons therefor and the steps taken to increase such exports;

(c) whether Government propose to develop more centres for the information technology so as to give boost to its export market; and

(d) if so, the details thereof?

THE MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): (a) No, Sir. The export of software during the year 1999-2000 was Rs. 17,300 crores, as against Rs. 12,500 crores during the year 1998-99, representing a growth of 38.4%. As per the Ninth Plan, a software export target of Rs. 14,600 crores was set for the year 1999-2000 and the actual achievement was much higher than the target.

(b) There was no shortfall. A list of incentives available to the software sector is at Statement I (*See* below).

(c) Yes, Sir. Software Technology Parks of India (STPI), an autonomous society under the Ministry of Information Technology has set up 21 Centres including 20 International Gateways at various locations in the country with the support of Government of India and the concerned State Governments. STPI is planning to set up 30 more Centres in the country.

(d) A list of the 30 Centres planned to be set up by STPI is at Statement-II.

#### **Statement I**

##### *Incentives for Software Sector*

1. Export Promotion Capital Goods scheme (EPCG) has been rationalised and extended uniformly to all sectors without any threshold limit on payment of 5% duty.
2. Approvals for all foreign direct investment proposals relating to the Information Technology sector, with the exception of Business-to-consumer (B2C) e-commerce are under the automatic route.
3. Software Technology Park (STP) scheme is implemented under

the aegis of the Ministry of Information Technology through a single window mechanism of the Inter-Ministerial Standing Committee (IMSC).

4. DTA access upto 50% of the FOB value of export is permitted for software units under EOU/EPZ/STP schemes.
5. Accelerated depreciation norms for computers and computer peripherals for units under Export Oriented schemes (EOU/ EPZ/STP/EHTP) have been enhanced. These shall stand depreciated to overall limit of 90% over a period of 3 years instead of around 5 years earlier.
6. In the 2000-01 Budget, Customs duty on Computers and Peripherals had been reduced from 20% to 15% and continues to be same. The Customs duty on all storage devices, integrated circuits, microprocessors, data display tubes and deflection components of colour monitors also continues at 0%. In the 2001-02 Budget, Customs duty on Information Technology Agreement (ITA-1) items of WTO (IT and Telecom products) has been reduced from existing 20-25% to 15%.
7. Information Technology Software is exempted from Customs and Excise Duty.
8. EOU/EPZ/STP/EHTP units are exempted from payment of Income Tax on export profits, upto 2010, in terms of Section 10A and 10B of the Income Tax Act. On site development of computer software and services will also be eligible for tax exemption.
9. Definition of Computer Software, as in Section 80 HHE of the Income Tax Act has been widened to include transmission of data.
10. Benefit of Section 80 HHE is available to supporting software developers.
11. IT Enabled Services have been made eligible for Income Tax benefit under Sections 10A, 10B and 801 If IE of the Income Tax Act.

12. A National Venture Fund for Software and IT Industry (NFSIT) has been set up with a corpus of Rs. 100 crores, out of which MIT shall contribute Rs. 30 crores.
13. Exemption of withholding tax on interest on External Commercial Borrowings (ECBs) has been extended to the IT sector.
14. Income by way of dividends or long-term capital gains of a Venture Capital Fund or Venture Capital company from investment made by way of equity shares in a Venture Capital Undertaking, which has been expanded to include the Software and IT sectors, will henceforth not be included in computing the total income.
15. To give thrust to Venture Capital finance, SEBI has been made the single point nodal agency for registration and regulation of both domestic and overseas venture capital funds.
16. There will be no tax on distributed or undistributed income of Venture Capital Funds. The income distributed by the VCFs will only be taxed in the hands of the investors at the rates applicable to the nature of the income. VCFs will continue to be eligible for exemption even if the shares of the VC undertaking in which the VCFs have made the initial investment are subsequently listed in a recognised stock exchange in India.
17. Under policy on portfolio investment, Foreign Institutional Investors (FIIs) are permitted to invest in a company upto an aggregate of 24% of equity shares, extendable upto 40% subject to approvals. This limit has been raised from 40% to 49% in the Budget 2001-02.
18. Under the Employee Stock Option Scheme, income tax payable on income from GDRs purchased in foreign currency by a resident employee of IT software and service companies, shall be at a concessional rate of 10%.

19. Tax holiday under provisions of Section 80-IA (Infrastructure Status) has been extended to Internet Service Providers (ISPs) and Broadband Network Providers.
20. Two-way fungibility has been permitted for ADRSs/GDRs. Local shares can now be reconverted into ADRSs/JDRS, subject to sectoral caps.
21. To induce more investment for R&D activities, a weighted deduction of 125% on the sums paid to any university, college or an institution or a Scientific research association for the purposes of scientific, social or statistical research has been provided.
22. Information Technology Act 2000 has been enacted. This act deal with Cyber Security, Cyber Crime and other information security related legal aspects. This will encourage expansion of e-commerce through internet.
23. Software Technology Parks of India (STPI) has set up a business support centre in the USA, which is operational since November, 1999, to promote business for STP units and provide marketing support to SMEs.

#### Statement II

*List of centres planned to be set up by STPI*

S.No.	Centres	States
1.	Nagpur	Maharashtra
2.	Nasik	Maharashtra
3.	Kolhapur	Maharashtra
4.	Mangalore	Karnataka
5.	Hubli	Karnataka
6.	Trichy	Tamilnadu
7.	Madurai	Tamilnadu
8.	Salem	Tamilnadu
9.	Thirunavelli	Tamilnadu
10.	Rourkela	Orissa
11.	Calcutta	West Bengal

S. No.	Centres	States
12.	Vijayawada	Andhra Pradesh
13.	Warangal	Andhra Pradesh
14.	zThirupati	Andhra Pradesh
15.	Gangtok	Sikkim
16.	Pondicherry	Pondicherry
17.	Agartala	Tripura
18.	Dehradun	Uttaranchal
19.	Gurgaon	Haryana
20.	Lucknow	Uttar Pradesh
21.	Kanpur	Uttar Pradesh
22.	Allahabad	Uttar Pradesh
23.	Varanasi	Uttar Pradesh
24.	Agra	Uttar Pradesh
25.	Ranchi	Jharkhand
26.	Jamshedpur	Jharkhand
27.	Patna	Bihar
28.	Bhopal	Madhya Pradesh
29.	Roorkee	Uttaranchal
30.	Raipur	Chhatisgarh

#### Employment Opportunities for IT Graduates

1295. SHRI S. AGNIRAJ: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) the number of IT graduate who have been provided with employment in the country during the last three years;

(b) whether it is a fact that the job market for IT professional is fact deteriorating;

(c) if so, the reasons therefor; and

(d) what steps are being taken to improve the position of employment vis-a-vis the IT graduates in the country?

THE MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): (a) to (c) As per the NASSCOM's Human Resource Development (HRD) Survey there were 3,40,000 software professionals employed in the country as on 31st March, 2001, compared to 1,60,000 in 1996-97. This indicates that 1,80,000 software professionals were